

How Can I Make The Most Money?

- For each of the following investment scenarios, organize the information using the chart below.

1. a) **Scenario One**

- You have \$5000 to invest in a Term Deposit.
- The interest is paid annually at the rate of 4.2% per annum (p.a.) and you will invest for 2 years.
- Calculate the total interest that you are paid and the value of your investment after 2 years.

b) **Scenario Two**

- You received a \$1000 bonus at work.
- You have invested it in a six-month, simple interest Guaranteed Investment Certificate (GIC) that pays 5.425% p.a.
- Calculate the total interest on your investment and the value of your investment when the GIC matures.

c) **Scenario Three**

- You have just inherited \$2000 from your grandmother.
- You decide to go to the bank and invest your money in a Term Deposit.
- The interest rate is 3.7% p.a.
- Calculate the total interest that you are paid and the value of your investment after 5 years.

Scenario Number	Principal (\$)	Interest Rate (in decimal form)	Time (years)	Interest Earned [I = Prt] (\$)	Amount at end of investment period [A = P + I] (\$)
One					
Two					
Three					

2. A friend has inherited \$5000. The money will be invested for two years. He has asked you to help him choose between two investment options.

Option 1

- A two-year Term Deposit that pays 4.75% per annum.

Principal (\$)	Interest Rate (in decimal form)	Time (years)	Interest Earned [I = Prt] (\$)	Amount at end of investment period [A = P + I] (\$)

Option 2

- A six-month Term Deposit that pays 4.5% per annum.
- After each six-month period, the interest is reinvested.

Six-Month Period Number	Principal (\$)	Interest Rate (in decimal form)	Time (years)	Interest Earned [I = Prt] (\$)	Amount at end of investment period [A = P + I] (\$)
1					
2					
3					
4					

Conclusion

Which investment option should your friend choose? Explain.
